# PURITAN FUND, INC.

*Prospectus*

October 10, 1967

*A diversified open-end investment company with primary emphasis on income.*

The price at which the shares are offered to the public normally equals the net asset value plus a sales charge of 7.5% of the offering price. Special offering prices are available for sales involving amounts in excess of $25,000 as more fully described on page 5.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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# PURITAN FUND, INC.

## INVESTMENT POLICY AND OBJECTIVE

The investment objective of Puritan Fund, Inc. is to obtain the maximum income possible consistent with the preservation and conservation of capital.

While emphasis on income is an important objective, the Management of the Fund does not feel this precludes any growth in capital since some securities offering a better than average yield may also possess some growth possibilities. The emphasis, however, is on income and not on capital growth. Since the Fund's primary emphasis is on income and not capital gain, as hereinbefore stated, capital gains distributions may not be paid in every year, but only when conditions warrant, and may be less than in previous years.

It should be recognized that investment in securities offering above-average yield will entail greater than normal risk of market depreciation. For this reason, and because securities fluctuate in value and income distributed by corporations varies with earnings, and also because economic conditions change, the Management of Puritan Fund cannot give assurance that the above investment objective will be achieved.

The Management of Puritan Fund at all times invests the assets of its shareholders in a broad list of securities. They are diversified not only as to companies and industries, but also usually as to type of security, namely, bonds and preferred as well as common stocks. The proportions invested in each type of security classification are varied from time to time in accordance with the Management's interpretation of economic conditions and underlying security values.

The Fund holds from time to time securities which are also owned by one or more of the other Funds of which Fidelity Management & Research Company is the investment adviser, and in such cases all such stock is voted together.

The Fund's portfolio security transactions are conducted independently of the other Funds for which Fidelity Management & Research Company is the investment adviser, except when decisions are made to purchase or sell securities by two or more of such Funds simultaneously, in which event the transactions are averaged as to price and allocated as to amount in accordance with the daily purchase or sales orders actually placed for each Fund.

## BUSINESS EXPERIENCE OF DIRECTORS AND OFFICERS

EDWARD C. JOHNSON 2d, President and a Director of the Fund, is President and a Director of Fidelity Management & Research Company, the investment adviser of the Fund, and a Director of The Crosby Corporation.

C. RODGERS BURGIN, a Director, is a private trustee. He was President of New England Trust Company, Boston, from 1947 to 1960 and Chairman of the Board of New England Merchants National Bank, Boston, from 1961 to 1964.

ALFRED B. CORNELL, a Director, is manager of investment accounts of colleges, insurance companies, banks, and individuals, and trustee of several estates.

GEORGE R. HARDING, a Director, has been a private trustee in Boston for many years.

RONALD JONES, a Director, is a Director of Synthon, Inc. and a management consultant.

GEORGE K. MCKENZIE, a Director, is a management consultant, and, during 1966, was a Vice President of U. S. Plywood Corp. From 1962 until 1965, he was a Vice President and Director of Nashua Corp., Nashua, N. H.

HORACE SCHERMERHORN, a Director, is a private trustee. He was President of The National Shawmut Bank of Boston from 1956 to 1960 and Chairman of the Board from 1960 to 1962.

D. GEORGE SULLIVAN, Executive Vice President, is a Vice President of the Adviser and is also a Director of The Crosby Corporation.

FRANK D. MILLS, Vice President, is an employee of the Adviser.

GEORGE S. MCEWAN, Vice President, is Chairman of the Board of The Crosby Corporation.

EDWARD C. JOHNSON 3D, Vice President, is a Vice President and a Director of the Adviser and a Director of The Crosby Corporation.

CALEB LORING, JR., Vice President and Clerk, is a partner of Gaston, Snow, Motley & Holt and a Vice

President, Director and General Counsel of the Adviser.

WILLIAM L. BYRNES, Assistant Vice President, is an employee of the Adviser and is also President and a Director of The Crosby Corporation.

EDWARD D. WINDSOR, Assistant Vice President, is a Vice President of The Crosby Corporation.

CHESTER HAMILTON, Treasurer, is also Treasurer of the Adviser and Treasurer and a Director of The Crosby Corporation.

ALFRED D. RUSSELL, Assistant Treasurer, is an employee of the Adviser.

ERNEST V. KLEIN, Assistant Clerk, has been an associate of Gaston, Snow, Motley & Holt since 1961, and a partner since 1966.

## ADVISORY AND SERVICE CONTRACT

The Fund employs Fidelity Management & Research Company, herein called the Adviser, to furnish investment advisory and other services.

The Adviser furnishes to the Fund investment advice and assistance, office space and facilities, and pays the salaries and fees of all officers and directors of the Fund and all compensation for clerical services relating to research, statistical and investment work. For these services the Fund has agreed to pay a quarterly fee of .1% of the average net asset value of the Fund less than $200,000,000; .09375% of the average net asset value over $200,000,000 but less than $400,000,000; and .0875% of the average net asset value over $400,000,000 (based on market quotations of portfolio securities) computed on the basis of the average of net asset values of the Fund at the close of business on each business day throughout the quarter.

The Fund will pay all its expenses not assumed by the Adviser, including, without limitation, interest charges, taxes, fees and commissions of every kind, expenses of issue, sale, repurchase or redemption of shares, expenses of registering or qualifying shares for sale, charges of custodians, transfer agents and registrars, and auditing and legal expenses. Pursuant to the Fund's General Distribution Agreement with The Crosby Corporation, a wholly-owned subsidiary of the Adviser, the expenses of printing prospectuses and other selling literature are borne by The Crosby Corporation.

The Adviser acts in a like capacity for Fidelity Fund, Inc., Fidelity Capital Fund, Inc., Fidelity Trend Fund, Inc., Dow Theory Investment Fund, Inc., Everest Income Fund, Inc., Essex Fund, Inc., Congress Street Fund, Inc., Second Congress Street Fund, Inc., Magellan Fund, Inc., Contrafund, Inc. and Memphis & Shelby County Medical Society Investment Retirement Trust ("Memphis"). The basic fee provided in the contracts of the above companies is computed at .125% of the average daily net assets for each quarter. In the case of Fidelity Fund and Memphis, the advisory contracts provide for a quarterly fee of .125% of the average net assets less than $200,000,000, and .0875% of the average net assets over $200,000,000, computed on a daily basis for Fidelity Fund and on a weekly basis for Memphis. The contracts of Fidelity Capital Fund and Fidelity Trend Fund provide quarterly fees of .125% of average daily net assets less than $200,000,000; .1125% of average daily net assets over $200,000,000 and not over $300,000,000; .1% of average daily net assets over $300,000,000 and not over $700,000,000; .0875% of the average daily net assets over $700,000,000 and not over $1,000,000,000; and .075% of the average daily net assets over $1,000,000,000. The fees in the cases of the other Funds are a flat .125% of average daily net assets per quarter. Each of these arrangements reflects circumstances peculiar to the particular investment company and to the time of adoption of the contract. Except for Memphis, the managements of all these Funds are substantially identical.

The Adviser also has entered into a contract with its wholly-owned subsidiary, Pacific Northwest Management & Research Company ("Pacific"), investment adviser for Equity Fund, Incorporated ("Equity"), under which the Adviser provides Pacific with all such factual information and investment recommendations as Pacific reasonably requests, in return for which the Adviser is paid by Pacific on the basis of the direct and indirect costs, including overhead, to the Adviser in connection with such services. Under the contract between Pacific and Equity, Pacific supervises the investments of Equity, furnishes office space and facilities, supplies, equipment and personnel for servicing the investments of Equity, and pays salaries of the officers of Equity and for all clerical work relating to

research, statistical and investment services, in return for which Equity pays Pacific monthly at the annual rate of .5% of the average daily net asset value of Equity up to $250 million, .375% of such value between $250 million and $500 million and .25% of such value in excess of $500 million.

As a result of the contract with the Adviser, the Fund itself pays no salaries, fees or compensation to any of its officers or directors, all of these payments being made by the Adviser as part of the consideration for the payment by the Fund to the Adviser of the above-mentioned fee. The Adviser has two classes of stock, voting and non-voting, and Edward C. Johnson 2d, President and Director of all the Funds, except Memphis, for which the Adviser acts as investment adviser, controls the Adviser through his ownership of 68% of its outstanding voting stock. He also owns 28.2% of the Adviser's outstanding non-voting stock. Edward C. Johnson 3d, Vice President of the Adviser and of the Fund, owns 22% of the voting stock and 30.5% of the non-voting stock; and Homer Chapin, Executive Vice President and Director of Massachusetts Mutual Life Insurance Company, owns 10% of the voting stock and 9.7% of the non-voting stock. No other person owns as much as 10% of either the voting or non-voting stock. The directors of the Adviser are Mr. Johnson 2d, Mr. Johnson 3d, Mr. Chapin and Mr. Loring.

## INVESTMENT RESTRICTIONS

By the terms of its charter, the Fund is authorized to engage in the business of investing its assets in all forms of stocks, bonds and other securities and of changing its investments from time to time. The Fund may not purchase the securities of any issuer if such purchase would cause more than 5% of its assets at market to be invested in the securities of such issuer (other than obligations of the United States and its instrumentalities) or would cause more than 10% of any class of securities of such issuer to be held in the Fund's portfolio. It may not purchase or retain securities of an issuer if the officers and directors of the Fund together own more than 5% of any class of securities of such issuer. It is prohibited from purchasing the securities of other investment companies except in connection with a merger or in the open market where no profit other than the customary broker's commission results. It may not invest its funds in the securities of companies which, including predecessors, have a record of less than three years' continuous operation, although it may invest in the securities of (1) companies substantially all of whose assets are securities of companies with a record of three years' continuous operation or are assets of another company's independent division which has had such a record, or (2) regulated public utilities or pipe-line companies which do not have such a record. It may not buy any securities or other property on margin.

It is the policy of the Fund to diversify investments among industries and not to invest in companies for the purpose of exercising control or management, not to buy or sell real estate, commodities or commodity contracts unless acquired as a result of ownership of securities, not to make loans to other persons (except by purchase of bonds and other obligations constituting part of an issue) and not to underwrite securities issued by others. The Fund may borrow money only as a temporary measure for extraordinary or emergency purposes, and such amounts as it does so borrow may not exceed 10% of its gross assets taken at cost. The restrictions in this and the preceding paragraph may not be changed without a vote of the shareholders.

The Fund's policy is to limit portfolio turnover to transactions necessary to carry out investment policy, to obtain cash for redemption and repurchase of its shares and to make changes in its status for purposes of determining tax liability. The management approaches these decisions with the essentially long-term point of view of the careful investor rather than that of the trader.

## ORGANIZATION AND CAPITAL STOCK AND NON-CUMULATIVE VOTING

The Fund is a Massachusetts corporation formed as a result of a merger on October 15, 1954, of a Delaware corporation of the same name into its wholly-owned subsidiary formed for the purpose of changing its domicile to Massachusetts. The predecessor Delaware corporation was organized on December 12, 1946, and commenced business January 17, 1947.

The Fund has only one class of securities—shares of capital stock of $1 par value—of which 75,000,000 are authorized. These shares have non-cumulative voting rights which means that the holders of more than 50%

of the shares voting for the election of directors can elect 100% of the directors if they choose to do so, and, in such event, the holders of the remaining less than 50% of the shares voting for the election of directors will not be able to elect any person or persons to the board of directors.

Fractional shares may be issued and when issued have the same rights proportionately as full shares. Currently, such fractional shares are issued only in connection with the Continuous Investment, Dividend Reinvestment and Systematic Withdrawal Plans described on pages 7 and 8. Each full share has one vote, and when issued is fully-paid and non-assessable. The shares are transferable by endorsement or stock power in the customary manner, but the Fund is not bound to recognize any transfer until it is recorded on the books of the Fund. The holders of shares are entitled on liquidation to all assets remaining for distribution after satisfaction of all outstanding liabilities and are entitled to share therein in proportion to the number of shares held. No shares carry any conversion, subscription or other preemptive rights except the right to require repurchase thereof by the Fund as described on page 8.

## SALE OF SHARES

Investors may buy shares (limited, in the case of initial investments, to ten shares or more) at asset value plus a sales charge varying as shown below (the percentage in each case being a percentage of the applicable offering price):

| | At least | But less than |
|---|---|---|
| On investments of | (10 shs.) $ | 25,000—7½% |
| On investments of | $ 25,000 | 50,000—5 % |
| On investments of | 50,000 | 100,000—4 % |
| On investments of | 100,000 | 250,000—3 % |
| On investments of | 250,000 | 500,000—2½% |
| On investments of | 500,000 | 1,000,000—2 % |
| On investments over | 1,000,000 | —1 % |

The above scale on investments of $25,000 or more is applicable to purchases of Fidelity Fund, Inc., Puritan Fund, Inc., Fidelity Capital Fund, Inc., Fidelity Trend Fund, Inc., Dow Theory Investment Fund, Inc., and Everest Income Fund, Inc. (in those states where qualified), either singly or in combination with shares of one or more of the other Funds, made at one time by an individual, or an individual, his spouse and their children under the age of twenty-one, or a trustee, guardian or other like fiduciary of a single trust estate or single fiduciary account.

In addition, any of the persons enumerated above may sign a Statement of Intention in the form provided by the Distributor covering purchases of one or more of the Funds to be made within a period of thirteen months and thereby become eligible for the reduced

### PER SHARE INCOME AND CAPITAL CHANGES

(For a share outstanding throughout the fiscal year)

| | *Fiscal Year Ended July 31* | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | *1958* | *1959* | *1960* | *1961* | *1962* | *1963* | *1964* | *1965* | *1966* | *1967* |
| **Income and Expense** | | | | | | | | | | |
| Income | $ .40 | $ .40 | $ .42 | $ .40 | $ .42 | $ .41 | $ .43 | $ .44 | $ .46 | $ .50 |
| Expenses | .04 | .04 | .05 | .04 | .05 | .05 | .05 | .05 | .05 | .05 |
| Net income | .36 | .36 | .37 | .36 | .37 | .36 | .38 | .39 | .41 | .45 |
| Dividends from net income | (.36) | (.36) | (.37) | (.36) | (.36) | (.36) | (.38) | (.38) | (.40) | (.45) |
| **Capital Changes** | | | | | | | | | | |
| Net asset value at beginning of year | 6.35 | 6.33 | 8.36 | 7.61 | 8.49 | 7.47 | 8.52 | 9.80 | 9.96 | 10.48 |
| Net realized and unrealized profits (or losses) on securities | .04 | 2.03 | (.64) | 1.09 | (.80) | 1.21 | 1.45 | .46 | .68 | 2.00 |
| Distributions from realized capital gains | (.06) | — | (.11) | (.21) | (.23) | (.16) | (.17) | (.31) | (.17) | (.47) |
| Net asset value at end of year | $6.33 | $8.36 | $7.61 | $8.49 | $7.47 | $8.52 | $9.80 | $9.96 | $10.48 | $12.01 |
| Ratio of expenses to average net assets | 0.59% | 0.57% | 0.58% | 0.56% | 0.57% | 0.57% | 0.55% | 0.53% | 0.49% | 0.48% |
| Ratio of net income to average net assets | 6.08% | 4.77% | 4.64% | 4.53% | 4.46% | 4.41% | 4.15% | 3.93% | 3.76% | 4.26% |
| Number of shares outstanding at end of year (000 omitted) | 7,307 | 8,521 | 9,915 | 12,817 | 15,726 | 19,546 | 25,298 | 36,865 | 45,649 | 52,545 |

sales commission applicable to the total amount purchased during the thirteen-month period. Purchases of shares of one or more of the Funds named above by tax-exempt charitable, religious, educational and similar corporations, associations or foundations enumerated in Section 501(c) (3) or (13) of the Internal Revenue Code and tax-exempt pension, profit-sharing or other employee benefit plans qualified under Section 401 of the Code are eligible for the reduced sales commission based upon the aggregate of (1) the total amount of shares of the above-named Funds purchased subsequent to April 3, 1967 and still held in the investor's account, valued at the public offering price paid by the investor at the date purchased, and (2) the number of shares currently being purchased. This qualification is subject to verification by the Distributor, from whom appropriate forms for this purpose are available. When purchasers are participating in a Continuous Investment or Dividend Reinvestment Plan, the dealer and/or registered holder must provide written notice to the Distributor.

In order to comply with Massachusetts laws applicable to employee profit-sharing plans, the Trustee of the Profit-Sharing Plan for the benefit of officers and employees of the Adviser and of its wholly-owned subsidiaries may from time to time purchase shares of the Fund for the Plan at net asset value and will agree so to purchase for investment only and not for resale except to the Fund.

Shares of Puritan Fund, Inc. which have been outstanding for at least six months may be exchanged for shares of Fidelity Fund, Inc., Fidelity Capital Fund, Inc., Fidelity Trend Fund, Inc. or Dow Theory Investment Fund, Inc. (which, as well as shares of Congress Street Fund, Inc. and Second Congress Street Fund, Inc., may be similarly exchanged for shares of Puritan Fund, Inc.) on the basis of the relative net asset values per share at the time of the exchange. Upon receipt of proper instructions and all necessary supporting documents in form acceptable to the Funds and their Transfer Agent, such exchange will be effected by redemption of shares of the Fund held and issuance of shares of the other Fund to the redeeming shareholder. A capital gain or loss for Federal tax purposes will be realized upon the exchange, depending upon the cost or other basis of the shares redeemed. This offer is available only in states where shares of the Fund being acquired may legally be sold. Each transaction must involve at least 100 shares of the Fund being redeemed, and such transactions may include shares purchased by reinvestment of dividends or acquired by acceptance of optional capital gains distributions in shares and any additional shares not exceeding 25% of the total exchanged, notwithstanding the fact that they have been held less than six months. A charge of $5 will be made to the shareholder for services in each such transaction. Prospectuses of the other Funds may be obtained by writing to them at 35 Congress Street, Boston, Massachusetts.

The Fund will not knowingly sell shares where, after the sale, such shares would be owned directly, indirectly, or through a unit investment trust by another investment company whether foreign or domestic owning directly, indirectly, or through a unit investment trust more than 3% of the outstanding shares of the Fund, except that sales to Puritan Accumulation Plans, a unit investment trust for accumulation of shares of the Fund, shall not be subject to this limitation.

Dealers with whom the Distributor has sales agreements purchase shares at a maximum discount of 6% from the offering price to investors on transactions of less than $25,000. The balance of the sales charge is retained by the Distributor. The discount from the applicable public offering price is alike for all dealers except that qualified dealers in foreign countries may purchase shares at a maximum discount of 6¾% in return for translating and distributing sales literature in a particular foreign language within a particular country. Dealers may receive or obtain a portion of the customary and standard brokerage commissions on purchases or sales of portfolio securities not only of the Fund but also of other Funds for which Fidelity Management & Research Company acts as adviser. The Fund may also buy portfolio securities from, or sell such securities to, dealers acting as principals. The Fund always seeks to effect its transactions in portfolio securities whether acting through a dealer as agent or with a dealer as principal where it can get prompt execution of orders at the most favorable prices. While there is no formula, or undertaking or agreement to do so, it is the practice

of the Fund so far as is practicably possible, to consider the following additional factors in the allocation of brokerage business: (1) the relative sales of the shares of all of the Funds for which Fidelity Management & Research Company serves as adviser, and (2) statistical and other factual information provided to the Adviser. These factors are also taken into account where there is no competition among dealers on the basis of price. In no event, however, will these factors be given any weight if this would result in the Fund not obtaining the most favorable price and execution. The Fund has no intention of placing portfolio business with any particular broker or group of brokers.

Allocation as used in the above and the following paragraphs relates to the commissions received by the dealers who execute particular transactions or receipts by a dealer who, although not executing the transaction, receives a portion of the brokerage commission from the dealer who executes the transaction.

During the fiscal year ended July 31, 1967, brokerage commissions totalled $1,709,238, of which approximately 26 per cent was allocated to dealers who provided statistical and other factual information to the Adviser. It is, of course, impossible to assign an exact dollar value for these services, and their receipt does not reduce the Adviser's expenses. Approximately 31 per cent was allocated to other dealers on the basis of their sales of shares of all of the Funds for which Fidelity Management & Research Company acts as investment adviser. These percentages are not necessarily indicative of percentages applicable to other Funds for which Fidelity Management & Research Company acts as investment adviser. The balance of this brokerage business was allocated to dealers without regard to the two factors enumerated above.

The Fund has entered into an agreement with Crosby Plans Corporation under which shares of the Fund may be acquired at net asset value by the Custodian of Single Payment and Systematic Payment Investment Plans based upon the shares of the Fund and sponsored by Crosby Plans Corporation.

The net asset value is determined by The National Shawmut Bank of Boston, Custodian, at the close of business on each business day, i.e., a day on which the New York Stock Exchange is open, and is accomplished by dividing the market value of all securities plus other assets, less liabilities, by the number of shares outstanding. Such determination is made (i) by appraising portfolio securities which are traded on the New York Stock Exchange or the American Stock Exchange at the last sale price, or, if no sale, at the closing bid price, (ii) by appraising other securities as nearly as possible in the manner described in clause (i) if traded on any other exchange, and if not so traded, on the basis of over-the-counter market quotations, if available, (iii) by appraising all other securities and other assets at fair value in the best judgment of the Board of Directors. The public offering price based on this net asset value is effective from 4:30 P.M. (New York City time) on that day until 2:00 P.M. the next business day. In addition, the net asset value is again so determined as of 1:00 P.M. on each business day and the net asset value so determined and the public offering price based thereon is effective from 2:00 P.M. until 4:30 P.M.

The Fund's charter provides that determination of the asset value may be suspended at times when the New York Stock Exchange is closed or in the event certain other emergencies have been determined to exist by the Securities and Exchange Commission pursuant to the Investment Company Act of 1940.

The Fund reserves the right at any time to make computations of offering prices at other times, to vary the effective periods thereof, or to suspend offerings entirely. The Fund may issue shares at net asset value in connection with any merger or consolidation with, or acquisition of the assets of, any investment company or trust, subject to the requirements of the Investment Company Act of 1940.

## CONTINUOUS INVESTMENT AND DIVIDEND REINVESTMENT PLANS

There is available a Plan for the purchase of Fund shares by means of payments made from time to time, as the investor may desire, to The National Shawmut Bank of Boston, Custodian and Transfer Agent of the Fund. Under this Plan the investor appoints the Bank as agent to invest his payments and to reinvest cash dividends received on shares acquired under the Plan at the public offering price in effect at the close of business on the day of receipt by the bank. The mini-

mum initial investment is $500 or the equivalent owner-ship of shares of tho Fund at current offering price. Each subsequent payment must be at least $50, and a minimum of $300 must be invested during each year. There is also available to shareholders of the Fund owning shares with a value at current offering price of at least $1,500 a Plan for automatic reinvestment of dividends. Such reinvestment will be made at offering price in substantially the same manner as described above with respect to the Continuous Investment Plan. Under both Plans, investors must elect to receive in stock at net asset value any capital gains distributions declared in stock or cash at the option of shareholders. The investor should bear in mind that, as with all other types of investments in securities, these Plans do not assure a profit and do not protect against depreciation in declining markets.

## SYSTEMATIC WITHDRAWAL PLAN

There is available to shareholders a Systematic Withdrawal Plan under which a fixed sum may be paid regularly to shareholders who purchase or already own $10,000 or more of Fund shares at the current offering price.

Such payments are made first out of available cash distributions from the Fund and then so far as necessary out of the proceeds of redemption of shares deposited under the Plan. Thus, depending upon the size of the payments requested and the fluctuations of the market prico of the underlying portfolio securities, redemptions for the purpose of making such payments may reduce or even use up the investment. For this reason the payments cannot be considered as a yield or income on the investment.

Withdrawals, in this or any other investment company, concurrently with purchase of shares, in this or any other investment company, will ordinarily be disadvantageous to the investors because of payment of duplicative distribution charges. For this reason, no Systematic Withdrawal Plan will be accepted at the same time during which a Continuous Investment Plan or Dividend Reinvestment Plan is in effect for a shareholder. However, an investor may purchase additional shares of the Fund under a Statement of Intention or by cash purchases of $500 or more while he has a Systematic Withdrawal Plan in effect.

## READY MARKET FOR SHARES

Under normal circumstances the Fund voluntarily maintains a ready market for the repurchase of its shares by a "bid price" available through investment dealers. Beginning with the opening of the New York Stock Exchango on any day, the Fund will repurchase its shares until 1 P.M. (New York City time) at the asset value to be determined as of 1 P.M. and from 1 P.M. until the next opening of the Exchange will repurchase its shares at the asset value to be determined as of 3:30 P.M.

Any shareholder of record may require the Fund to purchase his shares by depositing the certificates therefor, duly endorsed for transfer, at the offico of the Custodian, with a request that the Fund purchase the shares represented thereby pursuant to paragraph 8(a) of the Articles of Organization. The repurchase or redemption price (which may be more or less than the shareholder's cost, depending upon the market values of the portfolio securities at the time of repurchaso or redemption) will be the net asset value as of the close of business on the date of deposit if the deposit is made at or before 12:00 noon on a business day, or, if the deposit is made after 12:00 noon, at the closing net asset value on the next business day. Payments for shares so deposited shall be made within seven (7) days after the date of deposit. In case of a suspension of determination of net asset value (see "Sale of Shares"), the right of redemption is also suspended and the shareholder may either withdraw his certificate from deposit or receive payment of the net asset value determined as of the close of business on the first day after the suspension upon which a determination is made.

## DISTRIBUTIONS AND TAXES

Dividends are being paid on or about the 25th day of January, April, July and October. It is the policy of the Fund to distribute substantially all of its net investment income and net realized capital gains. It is the practice of the Fund to distribute capital gains in shares of the Fund at net asset value or, at the election of each shareholder, in cash. In so doing, the Fund intends to

## PURITAN FUND, INC.



Supplement to Prospectus Dated October 18, 1967
(to be attached to pages seven and eight)

This prospectus is revised by striking the present section entitled "Continuous Investment and Dividend Reinvestment Plans" and inserting therefor the following language.

### Voluntary Accumulation Plan

There is available a Plan for the purchase of Fund shares by means of payments made from time to time, as the investor may desire, to The National Shawmut Bank of Boston, Custodian and Transfer Agent of the Fund. Under this Plan, which may be terminated at any time, the Bank is appointed as agent to invest the payments and/or to reinvest cash dividends received on shares acquired under the Plan at the public offering price in effect at the close of business on the day of receipt by the bank. The minimum initial investment is $500 or the equivalent ownership of shares of the Fund at current offering price. Each subsequent payment must be at least $50 and, until such time as the investment reaches $1,500 at offering price, the Distributor reserves the right to terminate the Plan unless a minimum of $300 is invested in each calendar year.

Under the Plan, investors must elect to receive in stock at net asset value at a date determined by the Board of Directors any capital gains distributions declared in stock or cash at the option of shareholders. The investor should bear in mind that, as with all other types of investments in securities, this Plan does not assure a profit and does not protect against depreciation in declining markets.

There is also available to dealers an arrangement under which the $500 minimum initial investment will be waived where the dealer has established to the satisfaction of the Distributor adequate administrative procedures for accepting and transmitting payments under a payroll deduction, military allotment, or similar regular payment method, or in connection with an arrangement meeting the requirements of the Self-Employed Individuals Tax Retirement Act of 1962, as amended ("Keogh Plan"), where the arrangement is sponsored by a trade or professional association whose members are eligible to participate therein. The group must invest initially at least $500, and each investor must invest at least $50 at the time of the initial and each subsequent investment. No reduction in sales charge, not otherwise permitted as described under "Sale of Shares" on page 5 of this prospectus, will be available because of the aggregation of purchases by any group formed under this arrangement.

The prospectus is further revised by adding the following sentence to the first paragraph in the section entitled "Systematic Withdrawal Plan."

This minimum investment is reduced to $5,000 if the shareholder requests quarterly rather than monthly withdrawal payments.



March 1, 1968

comply with provisions of the Internal Revenue Code available to investment companies as it did during the fiscal year ended July 31, 1967. Under the Code, a company of this type which distributes to shareholders for any year all of its net income as defined in the Code, including both net investment income and net capital gains, will be relieved of Federal income tax, which tax usually will be paid by the shareholders on the distributions received by them.

A shareholder receiving a distribution from ordinary income or an excess of net short-term capital gain over net long-term capital loss treats it as a receipt of ordinary income in the computation of his gross income. Distributions of the excess of net long-term capital gain over net short-term capital loss are taxable to the shareholder as a long-term capital gain and are not eligible for the dividend received exclusion.

As of July 31, 1967, approximately 21% of the net asset value of the shares represented unrealized appreciation of the underlying securities. Net gain on sales of securities when realized and distributed is reportable by shareholders as a capital gain. If the net asset value of shares were reduced below a shareholder's cost by distribution of gain realized on sales of securities, such distribution would be a return of investment to him although reportable for tax purposes as stated above.

## ADDITIONAL INFORMATION

At August 1, 1967, the officers and directors of the Fund, as a group, owned less than 1% of the capital stock of the Fund outstanding on that date. Certain officers of the Fund are officers or employees of the Adviser. During the fiscal year ended July 31, 1967, the fee received from the Fund under the Advisory and Service contract was $1,967,554.

The Fund has entered into a distribution agreement with The Crosby Corporation, 225 Franklin Street, Boston, Massachusetts, whereby it has become the Distributor of shares of the Fund. During the fiscal year ended July 31, 1967, The Crosby Corporation received $905,072 in commissions from sales of shares of the Fund.

The Fund's Advisory and Service Contract, dated October 28, 1965, and the distribution agreement, dated ... as long as the continuance is approved at least annually by the Fund's Board of Directors, including those directors who are not affiliated with the Adviser or the Distributor or the Fund except in their capacity as Directors of the Fund, or by a majority of the shares of capital stock of the Fund. Each Contract automatically terminates in the event of its assignment by the Adviser or the Distributor, as the case may be. The Advisory and Service Contract is terminable by either party on sixty days' notice, and the distribution agreement is terminable by either party on six months' notice.

For those self-employed individuals who as sole proprietors or partnerships wish to purchase shares of the Fund in conjunction with the Self-Employed Individuals Tax Retirement Act of 1962, as amended, there is available through The Crosby Corporation a Custody Agreement and Plan which received Internal Revenue Service acceptance as a Prototype on January 17, 1967, and was given I.R.S. Serial No. BOS-POL-66-3A-2. The Custody Agreement provides that the State Street Bank and Trust Company furnish custodial services to the self-employed individual, and his employees, if any are included as participants as required by such Act. The service fees charged by the Bank to the self-employed individual or the participant account are subject to change on 30 days' written notice to the employer. For further details, see Section 8 of the Custody Agreement.

The current service fees are as follows:

Opening the Keogh Custodian Account, $5.00; annual maintenance for the first participant account, $4.00, and $2.00 for each additional participant account; $1.00 for each deposit to a participant account; for lump sum distribution of benefits in cash, shares, annuity, government bonds, or return of excess contribution, $5.00 or 1% of the amount, whichever is less; for each periodic cash distribution, $1.50 or 1% of the amount, whichever is less. No other service fees shall be charged for normal custodian services.

Purchases of shares of the Fund for these retirement plans may not be made by telephone or wire. Such

purchases may only be made by remittance to the Custodian. All purchases will be made by the Custodian after receipt of payment.

For further details, including the right to appoint a successor custodian, see the Custody Agreement and Plan as provided by The Crosby Corporation.

On January 31, 1967, Allen Klein & Co., Inc. brought suit against the Fund in the United States District Court for tho Southern District of New York alleging that the Fund had repudiated without cause an agreement to sell the plaintiff 404,000 shares of the common stock of Metro-Goldwyn-Mayer, Inc. (MGM), at a price of $38.00 per share. The contract price was allegedly to include a declared but then unpaid 5% stock dividend so that the Fund was supposedly to receive a gross price of $36.20 per share on 424,200 shares. The complaint further alleged that the stock is unique in value and demanded specific performance of the alleged agreement. On May 29, 1967, the plaintiff amended its complaint to join one Edgar Bronfman as a defendant. The amended complaint realleges the agreement and demands relief as described above. In addition it alleges that Bronfman induced the Fund to repudiate the alleged agreement; a conspiracy between the Fund and Bronfman to prevent the plaintiff from obtaining the Fund's holdings of MGM stock pursuant to which the Fund transferred one-half of said holdings to Bronfman; and that Bronfman converted the shares of MGM stock which he allegedly received. It is the opinion of the Fund's officers and directors and of its counsel that the action is wholly without merit and it is not anticipated that the Fund will sustain any damages as a result of the action or on account of the litigation as a whole.

## STATEMENT OF ASSETS AND LIABILITIES

### July 31, 1967

| | | |
|---|---|---|
| **ASSETS** | | |
| Investments at market (average cost $457,582,706) — per following schedule | | $592,037,289 |
| Corporate short-term notes at cost approximating market | | 28,487,913 |
| Cash | | 7,916,777 |
| Receivable for investments sold | | 789,078 |
| Receivable for shares sold | | 4,213,367 |
| Dividends receivable | | 716,695 |
| Accrued interest receivable | | 1,212,845 |
| | | 635,373,964 |
| **LIABILITIES** | | |
| Payable for investments purchased | $2,871,433 | |
| Payable for shares repurchased | 720,702 | |
| Accrued management fee | 561,798 | |
| Other payables and accrued expenses | 125,078 | 4,279,011 |
| NET ASSETS at market — 52,544,653.4 shares outstanding | | $631,094,953 |
| Net asset value and redemption price per share ($631,094,953 ÷ 52,544,653.4 shares) | | $12.01 |
| Offering price per share (100/92.5 of $12.01) | | $12.98 |

On sales of $25,000 or more the offering price is reduced as set forth on page 5.

NOTE: No provision for Federal income tax is believed necessary since the Fund distributes all of its taxable income for each fiscal year and otherwise complies with provisions of the Internal Revenue Code applicable to investment companies.

## STATEMENT OF INCOME

### Year Ended July 31, 1967

| | | |
|---|---|---|
| Income: | | |
| Dividends | | $18,428,696 |
| Interest | | 6,280,215 |
| | | 24,708,911 |
| Expenses: | | |
| Management fee (see "Advisory and Service Contract", page 3) | $1,967,554 | |
| Custodian | 118,741 | |
| Transfer agent | 116,605 | |
| Dividend disbursing agent | 86,893 | |
| Legal and auditing | 16,839 | |
| Reports to shareholders | 48,793 | |
| Massachusetts excise tax | 113,944 | |
| Miscellaneous | 27,725 | 2,497,094 |
| Net income for the year | | $22,211,817 |

NOTE: Total operating and management expenses were 10.1% of total investment income.

| | |
|---|---|
| Realized net gain on investments | $21,255,755 |
| Increase in unrealized appreciation of investments | $82,236,730 |

## PURITAN FUND, INC.



Sticker to be attached to Prospectus dated October 10, 1967.

*The last paragraph of text on page 10 of the Prospectus is deleted and the following paragraph is substituted in its place:*

On November 6, 1967, Allen Klein & Co., Inc. brought suit against Puritan Fund, Inc. (the "Fund"), Edgar Bronfman and Philip Levin in the United States District Court for the Southern District of New York. On January 27, 1968, the plaintiff amended its complaint. The complaint, as amended, alleges seven separate and non-cumulative causes of action, five of which seek recovery against the Fund. The first such cause of action alleges a violation of Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder, by reason of allegedly false and misleading statements made to the Fund by Bronfman and Levin, acting as part of a group denominated the "Levin Group," which statements allegedly caused the Fund to breach an alleged agreement to sell to the plaintiff certain shares of common stock of Metro-Goldwyn-Mayer, Inc. (MGM). The complaint goes on to state that these shares were subsequently sold to Bronfman. In connection with this cause of action the plaintiff seeks an order decreeing that the sale to Bronfman was illegal, specific performance of the alleged agreement between it and the Fund, and monetary damages from all defendants jointly and severally. The second cause of action seeking relief as against the Fund re-alleges the agreement between the Fund and the plaintiff and asserts a violation of Section 10(b) and Rule 10b-5 based on an allegation that at the time it entered into the alleged contract with the plaintiff the Fund concealed its intentions not to perform the agreement. On this cause of action the plaintiff seeks specific performance and monetary damages. The third such cause of action alleges that the Fund had repudiated without cause the alleged agreement to sell the plaintiff 404,000 shares of the common stock of MGM at a price of $38.00 per share. The contract price was allegedly to include a declared but then unpaid 5% stock dividend so that the Fund was supposedly to receive a gross price of $36.20 per share on 424,200 shares. The complaint alleges that the stock is unique in value and demands specific performance of the alleged agreement. The fourth such cause of action alleges that there was a conspiracy between the Fund, Levin and Bronfman to prevent the plaintiff from obtaining the Fund's holdings of MGM stock pursuant to which conspiracy it is alleged that the Fund transferred one-half of said holdings to Bronfman. Monetary damages are sought under this cause of action. Finally the complaint seeks injunctive relief against the sale by the Fund of its holdings of MGM shares to anyone other than the plaintiff. It is the opinion of the Fund's officers and directors and of its counsel that the alleged causes of action against the Fund are wholly without merit and it is not anticipated that the Fund will sustain any damages as a result of the action or on account of the litigation as a whole.



February 14, 1968

| | Year Ended July 31 | | |
|---|---|---|---|
| | 1967 | 1966 | 1965 |
| Net assets at beginning of year (including undistributed net income of $1,583,102—1967; $808,412—1966; $264,917—1965) | $478,315,774 | $367,105,359 | $247,867,065 |
| Income: | | | |
| Net income for year | 22,211,817 | 17,188,256 | 12,063,879 |
| Net amount for participation in undistributed income included in price of shares issued and repurchased | 546,188 | 574,042 | 598,987 |
| | 22,758,005 | 17,762,298 | 12,662,866 |
| Less cash dividends (note A) | 22,672,966 | 16,987,608 | 12,119,371 |
| Increase in undistributed income | 85,039 | 774,690 | 543,495 |
| Capital: | | | |
| Realized and unrealized gains on investments: | | | |
| Net gain on sales of investments, based on average cost (note C) | 21,255,755 | 21,563,569 | 6,184,978 |
| Less distributions (note B) | 21,479,723 | 6,271,549 | 7,890,057 |
| Increase or (decrease) in balance of realized net gain | (223,968) | 15,292,020 | (1,705,079) |
| Increase in unrealized appreciation of investments | 82,236,730 | 274,901 | 7,210,619 |
| Capital stock issued and repurchased, exclusive of amounts allocated to income above (note D): | | | |
| Receipts for shares sold and issued | 86,059,988 | 115,886,433 | 119,159,485 |
| Asset value of shares issued in distribution of realized net gain | 15,860,394 | 4,390,894 | 5,265,052 |
| Less cost of shares repurchased | (31,239,004) | (25,408,523) | (11,235,278) |
| Net increase | 70,681,378 | 94,868,804 | 113,189,259 |
| Net assets at end of year (including undistributed net income of $1,668,141—1967; $1,583,102—1966; $808,412—1965) | $631,094,953 | $478,315,774 | $367,105,359 |

NOTES

| | 1967 | 1966 | 1965 |
|---|---|---|---|
| A — Cash dividends per share from income | $ .45 | $ .40 | $ .38 |
| B — Distributions per share from net gain realized in preceding fiscal year, paid in shares of the Fund, or, at the election of shareholders, in cash | $ .47 | $ .17 | $ .31 |

A distribution of 40 cents per share from net gain on investments realized during the year ended July 31, 1967, was declared on August 2, 1967, payable September 1, 1967, to shareholders of record August 2, 1967.

| | 1967 | 1966 | 1965 |
|---|---|---|---|
| C — Realized net gain for Federal income tax purposes | $ 21,287,803 | $ 21,499,430 | $ 6,304,805 |
| D — Capital stock of Fund issued and repurchased: | | | |
| Shares sold and issued | 8,325,856.2 | 10,660,019.0 | 12,138,538.5 |
| Shares issued in distribution of realized net gain | 1,603,679.9 | 444,872.8 | 566,744.0 |
| Less shares repurchased | (3,034,164.1) | (2,321,080.9) | (1,137,815.2) |
| Net increase in number of shares | 6,895,372.0 | 8,783,810.9 | 11,567,467.3 |

  

## INVESTMENTS—July 31, 1967

(Showing Percent of Total Market Value of Investments)

### COMMON STOCKS—80.8%

| Shares | | Cost | Market |
|---|---|---|---|
| | *Aircraft and Aerospace—6.6%* | | |
| 301,000 | Bendix Corp. | $ 7,671,053 | $ 16,254,000 |
| 54,400 | Lockheed Aircraft Corp. | 2,157,790 | 3,767,200 |
| 90,000 | North American Aviation, Inc. | 4,902,119 | 4,106,250 |
| 155,000 | United Aircraft Corp. | 5,118,249 | 14,821,875 |
| | | $ 19,849,211 | $ 38,949,325 |
| | *Automobile and Equipment—6.0%* | | |
| 110,900 | Borg-Warner Corp. | $ 4,602,368 | $ 5,087,538 |
| 103,500 | Electric Storage Battery Co. | 5,217,692 | 6,197,063 |
| 107,000 | Ford Motor Co. | 5,986,311 | 5,550,625 |
| 206,400 | Fruehauf Corp. | 6,767,837 | 7,172,400 |
| 55,200 | General Motors Corp. | 4,088,915 | 4,678,200 |
| 156,000 | Midland-Ross Corp. | 2,649,361 | 5,343,000 |
| 51,000 | Stewart-Warner Corp. | 940,351 | 1,676,625 |
| | | $ 30,252,835 | $ 35,705,451 |
| | *Building—3.4%* | | |
| 106,400 | Johns-Manville Corp. | $ 5,691,759 | $ 6,251,000 |
| 103,800 | National Lead Co. | 7,588,751 | 6,435,600 |
| 163,200 | Otis Elevator Co. | 8,105,811 | 7,527,600 |
| | | $ 21,386,321 | $ 20,214,200 |
| | *Cement—0.8%* | | |
| 107,000 | Ideal Cement Co. | $ 2,315,393 | $ 2,033,000 |
| 143,200 | Lone Star Cement Corp. | 2,999,700 | 2,685,000 |
| | | $ 5,315,093 | $ 4,718,000 |
| | *Chemical—3.3%* | | |
| 10,000 | Air Reduction Co. | $ 317,986 | $ 427,500 |
| 82,300 | Allied Chemical Corp. | 3,080,302 | 3,178,838 |
| 69,000 | American Cyanamid Co. | 2,330,920 | 2,259,750 |
| 3,100 | duPont de Nemours (E. I.) & Co. | 466,908 | 471,975 |
| 140,000 | Minerals & Chemicals Philipp Corp. | 3,634,812 | 6,230,000 |
| 146,300 | National Distillers & Chemical Corp. | 4,232,252 | 6,802,950 |
| | | $ 14,063,180 | $ 19,371,013 |
| | *Consumer Products—4.2%* | | |
| 84,700 | Mohasco Industries, Inc. | $ 1,209,424 | $ 1,651,650 |
| 58,500 | Parke, Davis & Co. | 1,837,181 | 1,711,125 |
| 399,800 | Stanley Warner Corp. | 5,898,570 | 21,489,250 |
| | | $ 8,945,175 | $ 24,852,025 |
| | *Entertainment—1.9%* | | |
| 209,475 | Metro-Goldwyn-Mayer, Inc. | $ 4,085,341 | $ 11,573,494 |

### COMMON STOCKS—Continued

| Shares | | Cost | Market |
|---|---|---|---|
| | *Financial—1.4%* | | |
| 113,100 | Liberty Loan Corp. | $ 3,341,501 | $ 2,573,025 |
| 165,000 | Marine Midland Corp. | 4,933,840 | 5,053,125 |
| 40,500 | State Loan & Finance Corp., Class A | 852,792 | 673,313 |
| | | $ 9,128,133 | $ 8,299,463 |
| | *Food and Beverage—1.9%* | | |
| 250,000 | Buckingham Corp., Class A | $ 3,415,798 | $ 4,593,750 |
| 73,000 | Central Aguirre Sugar Co. | 1,845,372 | 2,609,750 |
| 36,900 | Great Western Sugar Co. | 1,295,465 | 1,937,250 |
| 61,400 | Staley (A. E.) Manufacturing Co. | 2,253,298 | 2,448,325 |
| | | $ 8,809,933 | $ 11,589,075 |
| | *Machinery—5.1%* | | |
| 282,900 | Bucyrus-Erie Corp. | $ 5,907,400 | $ 9,618,600 |
| 125,000 | Chicago Pneumatic Tool Co. | 4,297,735 | 5,640,625 |
| 112,000 | Ex-Cell-O Corp. | 4,925,745 | 6,832,000 |
| 105,000 | Stanley Works (The) | 2,577,321 | 3,570,000 |
| 58,000 | United Shoe Machinery Co. | 3,404,825 | 4,466,000 |
| | | $ 21,113,026 | $ 30,127,225 |
| | *Metals and Mining—4.5%* | | |
| 57,900 | American Smelting & Refining Co. | $ 3,653,153 | $ 4,306,313 |
| 288,900 | Anaconda Co. | 8,077,538 | 13,903,313 |
| 120,000 | Cerro Corp. | 2,985,236 | 5,100,000 |
| 110,400 | Maust Coal & Coke Corp. | 2,132,929 | 910,800 |
| 86,500 | Pan American Sulphur Co. | 2,083,284 | 2,313,875 |
| | | $ 18,932,140 | $ 26,534,301 |
| | *Oil and Gas Equipment—1.8%* | | |
| 144,400 | Dresser Industries, Inc. | $ 2,328,458 | $ 5,956,500 |
| 73,300 | Halliburton Co. | 2,082,621 | 4,535,438 |
| | | $ 4,411,079 | $ 10,491,938 |
| | *Paper—3.9%* | | |
| 127,000 | International Paper Co. | $ 3,926,316 | $ 3,698,875 |
| 112,000 | Mead Corp. | 4,775,282 | 4,830,000 |
| 202,000 | Rayonier, Inc. | 6,238,785 | 6,691,250 |
| 134,300 | Riegel Paper Corp. | 2,761,824 | 2,803,513 |
| 132,600 | St. Regis Paper Co. | 3,816,961 | 4,491,825 |
| 6,400 | U. S. Plywood-Champion Papers, Inc. | 200,017 | 345,600 |
| | | $ 21,719,185 | $ 22,861,063 |

## COMMON STOCKS—Continued

| Shares | | Cost | Market |
|---|---|---|---|
| | ***Petroleum—3.8%*** | | |
| 162,000 | Phillips Petroleum Co. | $ 8,946,501 | $ 10,631,250 |
| 21,000 | Royal Dutch Petroleum Co. | 779,289 | 766,500 |
| 112,000 | Standard Oil Co. (N. J.) | 6,423,202 | 7,210,000 |
| 113,000 | Sunray DX Oil Co. | 3,313,215 | 4,096,250 |
| | | $ 19,462,207 | $ 22,704,000 |
| | ***Railroads—1.9%*** | | |
| 72,000 | Great Northern Rwy. Co. | $ 3,342,692 | $ 4,806,000 |
| 31,500 | Norfolk & Western Rwy. Co. | 2,679,741 | 3,331,125 |
| 42,250 | Seaboard Coast Line R.R. Co. | 1,458,301 | 2,925,813 |
| | | $ 7,480,734 | $ 11,062,938 |
| | ***Retail Trade—0.8%*** | | |
| 61,000 | Grant (W. T.) Co. | $ 1,469,206 | $ 2,142,625 |
| 105,500 | Kroger Co. (The) | 2,940,583 | 2,400,125 |
| | | $ 4,409,789 | $ 4,542,750 |
| | ***Rubber—0.2%*** | | |
| 28,300 | Armstrong Rubber Co. | $ 1,081,320 | $ 1,252,275 |
| | ***Steel—6.3%*** | | |
| 137,000 | Armco Steel Corp. | $ 7,307,367 | $ 7,569,250 |
| 50,900 | Bethlehem Steel Corp. | 1,853,300 | 1,768,775 |
| 239,500 | Copperweld Steel Co. | 4,865,730 | 6,706,000 |
| 85,500 | Harbison-Walker Refractories Co. | 3,072,361 | 3,836,813 |
| 321,000 | Harsco Corp. | 5,536,199 | 8,105,250 |
| 61,500 | Inland Steel Co. | 1,898,646 | 2,321,625 |
| 100,000 | Interlake Steel Corp. | 3,385,359 | 3,062,500 |
| 51,500 | U. S. Steel Corp. | 2,403,238 | 2,407,625 |
| 42,000 | Youngstown Sheet & Tube Co. | 1,420,095 | 1,422,750 |
| | | $ 31,742,295 | $ 37,200,588 |
| | ***Textile—2.1%*** | | |
| 346,200 | Beaunit Corp., Inc. | $ 4,998,410 | $ 4,673,700 |
| 49,000 | Dan River Mills, Inc. | 715,604 | 1,071,875 |
| 114,200 | Ludlow Corp. | 2,461,135 | 6,509 400 |
| | | $ 8,175,149 | $ 12,254,975 |
| | ***Tobacco—5.6%*** | | |
| 43,000 | American Tobacco Co. | $ 1,460,080 | $ 1,499,625 |
| 194,600 | P. Lorillard Co. | 9,065,267 | 11,578,700 |
| 269,000 | Philip Morris, Inc. | 7,241,879 | 14,324,250 |
| 140,800 | Reynolds (R. J.) Tobacco Co. | 5,695,560 | 6,054,400 |
| | | $ 23,462,786 | $ 33,456,975 |

## COMMON STOCKS—Continued

| Shares | | Cost | Market |
|---|---|---|---|
| | ***Transportation (Other than Railroads)—4.4%*** | | |
| 150,700 | American Commercial Lines | $ 3,961,656 | $ 6,442,425 |
| 157,000 | Greyhound Corp. | 3,561,318 | 3,905,375 |
| 155,700 | Transcontinental Bus System, Inc. | 5,838,165 | 7,395,750 |
| 75,000 | U. S. Freight Co. | 3,794,124 | 6,075,000 |
| 73,130 | U. S. Lines Co. | 2,157,541 | 2,504,703 |
| | | $ 19,312,804 | $ 26,323,253 |
| | ***Utilities—3.0%*** | | |
| 500,000 | Chubu Electric Power Co. | $ 747,580 | $ 747,580* |
| 150,000 | Colorado Interstate Gas Co. | 4,909,228 | 5,606,250 |
| 69,500 | Columbia Gas System, Inc. | 1,922,389 | 1,850,438 |
| 59,116 | Kansai Electric Power Co. | 882,988 | 1,167,541 |
| 153,000 | Mississippi River Corp. | 3,024,061 | 2,907,000 |
| 70,000 | Montana Power Co. | 2,226,162 | 2,170,000 |
| 150,000 | Niagara Mohawk Power Corp. | 3,518,378 | 3,150,000 |
| | | $ 17,230,786 | $ 17,598,809 |
| | ***Miscellaneous—7.9%*** | | |
| 160,000 | American Can Co. | $ 8,816,096 | $ 9,240,000 |
| 244,900 | Carborundum Co. | 8,883,217 | 17,051,163 |
| 67,200 | Dayco Corp. | 1,838,439 | 2,814,000 |
| 10,000 | wts Gamble-Skogmo, Inc. | | 36,250* |
| 322,100 | Mesabi Trust Co. | 4,357,710 | 4,227,563 |
| 130,300 | Newport News Shipbuilding & Dry Dock Co. | 6,239,178 | 6,254,400 |
| 100,000 | United-Carr, Inc. | 1,909,658 | 3,012,500 |
| 122,000 | UMC Industries, Inc. | 2,063,503 | 2,897,500 |
| 29,844 | Western Sales, Ltd., Class A† | 272,933 | 242,483 |
| | Other Securities | 714,474 | 775,814 |
| | | $ 35,095,208 | $ 46,551,673 |
| | Total Common Stocks | $355,463,730 | $478,234,809 |

## PREFERRED STOCKS—4.8%

| Shares | | Cost | Market |
|---|---|---|---|
| 35,100 | American Home Products Corp. $2.00 conv. | $ 698,469 | $ 2,983,500 |
| 15,000 | Basic, Inc. cum. conv. 5% | 677,033 | 708,750 |
| 20,700 | Bendix Corp. $3.00 Series B | 1,135,950 | 1,676,700 |
| 40,200 | Chicago & North Western Rwy. Co. conv. 5% Series A | 3,576,961 | 6,834,000 |
| 20,000 | Consolidated Edison Co. of New York, Inc. 5¾% cum. Series E | 2,000,000 | 1,900,000 |
| 61,600 | Glen Alden Corp. $3.15 conv. | 4,873,520 | 7,053,200 |
| 12,736 | H. P. Hood & Sons, Inc. 6% | 637,705 | 573,120* |

## PREFERRED STOCKS—Continued

| Shares | | Cost | Market |
|---|---|---|---|
| 68,800 | Pet Milk Co. $.80 cum. conv. preference | $ 1,488,709 | $ 1,410,400 |
| 13,000 | Republic Corp. $1 conv. | 202,095 | 339,625 |
| 5,760 | Southeastern Public Service 5½% cum. Series A (with 9,000 warrants) | 287,861 | 264,960* |
| 72,000 | Tenneco Corp. $1.60 cum. 2nd | 1,998,000 | 2,097,000 |
| 9,769 | United Airlines, Inc. $5.50 | 893,864 | 898,748* |
| 16,000 | U. S. Plywood-Champion Papers, Inc. $1.20 cum. conv. | 291,691 | 504,000 |
| 11,600 | U. S. Smelting, Refining & Mining Co. cum. $5.50 | 922,200 | 951,200 |
| | Total Preferred Stocks | $ 19,684,058 | $ 28,195,203 |

## BONDS—14.4%

| Principal Amount | | Cost | Market |
|---|---|---|---|
| $ 500,000 | Albee Homes, Inc. conv. sub. deb. 5%, 1982 | $ 326,908 | $ 170,000 |
| 1,460,000 | American Airlines, Inc. conv. sub. deb. 4¼%, 1992 | 1,476,262 | 1,554,900 |
| 129,000 | Automatic Retailers of America, Inc. sub. deb. 4⅞%, 1983 (with warrants) | 129,000 | 132,870 |
| 150,000 | Barton Distilling Co. prom. notes 6½%, 1970 | 150,000 | 150,000* |
| 50,000 | Barton Distilling Co. prom. notes 6½%, 1972 | 50,000 | 50,000* |
| 50,000 | Barton Distilling Co. prom. notes 6½%, 1974 | 50,000 | 50,000* |
| 1,500,000 | Beneficial Finance Co. deb. 6¼%, 1970 | 1,493,550 | 1,503,750 |
| 1,000,000 | Beneficial Finance Co. deb. 5.60%, 1971 | 981,250 | 982,500 |
| 500,000 | Berkey Photo, Inc. cv. deb. 5¾%, 1986 | 500,000 | 775,000 |
| 441,000 | Billups Western Petroleum Corp. deb. 6%, 1984 | 392,311 | 442,103 |
| 2,000,000 | Boise Cascade Corp. 6%, 1970 | 2,000,000 | 2,000,000* |
| 1,500,000 | Consumers Power Co. 1st mtge. 5⅞%, 1996 | 1,526,655 | 1,500,000 |
| 339,000 | The Dorsey Corp. sub. s.f. deb. 6½%, 1975 | 339,000 | 322,050 |
| 400,000 | Eastern Air Lines, Inc. conv. jr. sub. deb. 5⅜%, 1983 | 400,000 | 1,792,000 |
| 5,000,000 | Eastern Air Lines, Inc. prom. notes, 6%, 1986 | 5,000,000 | 5,000,000* |

## BONDS—Continued

| Principal Amount | | Cost | Market |
|---|---|---|---|
| $ 850,000 | FWD Corp. deb. 6½%, 1979 | $ 848,587 | $ 697,000 |
| 5,000,000 | Federal National Mortgage Assoc. 5.75%, 6/23/68 | 5,000,000 | 5,000,000 |
| 2,000,000 | Federal National Mortgage Assoc. 5⅞%, 9/10/68 | 1,998,750 | 2,010,000 |
| 1,405,000 | Ferro Corp. s.f. deb. 5⅞%, 1992 | 1,397,950 | 1,320,700 |
| 3,000,000 | Fruehauf Corp. s.f. deb. 6%, 1987 | 3,000,000 | 2,925,000 |
| 3,000,000 | Georgia Power Co. 1st mtge. 5¾%, 1996 | 3,000,000 | 2,910,000 |
| 450,000 | Global Marine, Inc. sub. deb. 5%, 1984 | 360,801 | 333,000 |
| 100,000 | Great Lakes Bowling Corp. conv. deb. 6%, 1976 | 100,000 | 75,000* |
| 2,000,000 | Gulf Power Co. 1st mtge. 6%, 1996 | 2,042,180 | 1,980,000 |
| 3,000,000 | Harsco Corp. s.f. deb. 5.50%, 1992 | 2,986,250 | 2,850,000 |
| 1,000,000 | H. P. Hood & Sons, Inc. inc. deb. 6%, 1999 | 1,000,000 | 930,000* |
| 2,600,000 | Household Finance Corp. sr. notes 6%, 1969 | 2,582,840 | 2,600,000 |
| 476,000 | Imperial Investment Corp., Ltd. coll. trust 6½%, 1980 | 476,000 | 418,880 |
| 2,000,000 | Indian Head Mills, Inc. sub. deb. 5½%, 1990 (with warrants) | 2,048,245 | 2,200,000 |
| 300,000 | Japan (Empire) ext. s.f. 5½%, 1980 | 267,000 | 274,500 |
| 460,000 | Japan Development Bank gtd. ext. loan bonds 6%, 1977 | 441,600 | 443,900 |
| 255,000 | Japan Development Bank gtd. ext. loan bonds 6%, 1978 | 246,075 | 242,250 |
| 2,000,000 | Jersey Central Power & Light 1st mtge. 6⅛%, 1996 | 2,034,580 | 2,000,000 |
| 800,000 | Keyes Fibre Co. sub. deb. 5¼%, 1985 ($480,000 with warrants) | 791,603 | 905,600 |
| 1,000,000 | Kidde (Walter) & Co., Inc. deb. 5%, 1991 | 1,000,000 | 1,448,454* |
| 2,000,000 | Ling-Temco-Vought, Inc. prom. notes 6¾%, 1970 (with warrants) | 2,000,000 | 3,220,000* |
| 485,000 | Lockheed Aircraft Corp. sub. deb. 4¼%, 1992 | 485,000 | 552,900 |
| 389,000 | Mansfield Tire & Rubber Co. conv. deb. 5%, 1974 | 357,507 | 322,870 |
| 885,000 | McDonnell Douglas Co. cv. sub. deb. 4¾%, 1991 | 930,636 | 1,205,813 |
| 600,000 | Metromedia, Inc. conv. sub. notes 5%, 1979 (with 9,500 warrants) | 600,000 | 1,114,625* |
| 900,000 | Metromedia, Inc. sr. notes 5½%, 1984 | 900,000 | 828,000* |

## BONDS—Continued

| *Principal Amount* | | *Cost* | *Market* |
|---|---|---|---|
| $ 3,000,000 | Michigan Consolidated Gas Co. 5⅞%, 1991 | $ 3,029,490 | $ 2,910,000 |
| 671,000 | Minneapolis & St. Louis Rwy. Co. 1st mtge. 6%, 1985 | 584,001 | 613,965 |
| 1,000,000 | Missouri Pacific R.R. Co. 1st mtge. Series C 4¼%, 2005 | 768,701 | 690,000 |
| 550,000 | Modern Homes Construction Co. deb. 6%, 1981 | 402,602 | 319,000 |
| 750,000 | Nippon Express Co. Ltd. conv. deb. 6½%, 1978 | 750,000 | 750,000* |
| 400,000 | Philadelphia Electric Co. 1st & refunding mtge. 6%, 1968 | 400,000 | 400,000* |
| 400,000 | Philadelphia Electric Co. 1st & refunding mtge. 6%, 1969 | 400,000 | 400,000* |
| 400,000 | Philadelphia Electric Co. 1st & refunding mtge. 6%, 1970 | 400,000 | 400,000* |
| 400,000 | Philadelphia Electric Co. 1st & refunding mtge. 6%, 1971 | 400,000 | 400,000* |
| 400,000 | Philadelphia Electric Co. 1st & refunding mtge. 6%, 1972 | 400,000 | 400,000* |
| 380,000 | Pittston Co. sub. notes 6¼%, 1976 | 381,900 | 364,800* |
| 319,000 | Seaboard Finance Corp. cap. notes 6¾%, 1980 | 319,000 | 319,000* |
| 900,000 | Sheraton Corp. of America inc. sub. deb. 6½%, 1981 | 854,691 | 841,500 |
| 269,000 | Sheraton Corp. of America cap. inc. s.f. deb. 7½%, 1989 | 264,514 | 271,018 |
| 500,000 | Southern Airways Co. deb. 5¾%, 1981 | 500,000 | 595,000 |
| 1,000,000 | State Loan & Finance s.f. deb. 6.80%, 1987 | 995,000 | 995,000 |
| 2,500,000 | Tampa Electric Co. deb. 5½%, 1996 | 2,500,000 | 2,400,000 |
| 560,000 | Texas Consumer Finance Corp. notes 6¾%, 1973 | 551,937 | 560,000* |
| 5,300,000 | Trans World Airlines, Inc. deb. 6½%, 1978 | 5,182,735 | 5,035,000 |
| 200,000 | Trans World Airlines, Inc. sub. deb. 4%, 1992 | 200,000 | 192,000 |
| 1,000,000 | United Aircraft Corp. 5⅜%, 1991 | 1,018,375 | 1,305,000 |
| 2,335,000 | U. S. Smelting Refining & Mining Co. sub. deb. 5⅜%, 1995 | 2,119,013 | 1,943,888 |
| 5,000,000 | U. S. Treasury notes 5%, 11/15/70 | 5,009,672 | 4,992,200 |

## BONDS—Continued

| *Principal Amount* | | *Cost* | *Market* |
|---|---|---|---|
| $ 610,300 | Uris Building Corp. s.f. deb. 6½%, 1975 | $ 541,622 | $ 591,991 |
| 350,000 | Vulcan Mold & Iron Co. sub. deb. 6%, 1981 | 350,000 | 334,250 |
| 1,250,000 | Walter (Jim) Corp. sub. deb. 9%, 2000 | 1,399,875 | 1,375,000 |
| 1,000,000 | Wisconsin Electric Power Co. 1st mtge. 5⅛%, 1996 | 1,001,250 | 975,000 |
| | Total Bonds | $ 82,434,918 | $ 85,607,277 |
| | Total Investments | $457,582,706 | $592,037,289 |
| | TOTAL COST FOR FEDERAL INCOME TAX PURPOSES | $456,755,502 | |

†Non-income producing.

Securities are valued at last sales price reported July 31, 1967, on national securities exchanges or, in the absence of reported sales, at closing bid prices on such exchanges or at over-the-counter bid prices. Securities indicated by the * above are valued at fair value determined by Board of Directors.

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### CERTIFICATE OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Shareholders and Directors
of Puritan Fund, Inc.:

We have examined the accompanying statement of assets and liabilities, including the schedule of investments, of Puritan Fund, Inc. as at July 31, 1967, the related statement of income for the year then ended and the statement of changes in net assets for the years ended July 31, 1967, 1966, and 1965. Our examination was made in accordance with generally accepted auditing standards, and accordingly included confirmation from the custodian of the securities held for the Fund and such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, said statements present fairly the financial position of Puritan Fund, Inc. at July 31, 1967, the results of its operations for the year then ended and the changes in its net assets for the years ended July 31, 1967, 1966 and 1965, in conformity with generally accepted accounting principles applied on a consistent basis.

LYBRAND, ROSS BROS. & MONTGOMERY

Boston, Massachusetts
August 16, 1967

# PURITAN FUND INC.

35 Congress Street, Boston, Massachusetts 02109

*Board of Directors*

EDWARD C. JOHNSON 2D, 35 Congress St., Boston, Mass.
C. RODGERS BURGIN, 138 Central Ave., Milton, Mass.
ALFRED B. CORNELL, 1 Wall Street, New York, N. Y.
GEORGE R. HARDING, 131 State St., Boston, Mass.
RONALD JONES, 250 Commonwealth Ave., Boston, Mass.
GEORGE K. MCKENZIE, 300 West 55th St., N. Y., N. Y.
HORACE SCHERMERHORN, 58 Cliff Rd., Wellesley, Mass.

*Officers*

EDWARD C. JOHNSON 2D, *President*
D. GEORGE SULLIVAN, *Executive Vice President*
FRANK D. MILLS, *Vice President*
GEORGE S. MCEWAN, *Vice President*
EDWARD C. JOHNSON 3D, *Vice President*
CALEB LORING, JR., *Vice President and Clerk*
WILLIAM L. BYRNES, *Assistant Vice President*
EDWARD D. WINDSOR, *Assistant Vice President*
CHESTER HAMILTON, *Treasurer*
ALFRED D. RUSSELL, *Assistant Treasurer*
ERNEST V. KLEIN, *Assistant Clerk*

*General Distributor*
THE CROSBY CORPORATION
225 Franklin Street, Boston, Mass.
134 South LaSalle Street, Chicago, Illinois

*Investment Adviser*
FIDELITY MANAGEMENT & RESEARCH COMPANY
35 Congress Street
Boston, Mass.

*Custodian and Transfer Agent*
THE NATIONAL SHAWMUT BANK OF BOSTON
Boston, Mass.

*Auditors*
LYBRAND, ROSS BROS. & MONTGOMERY
Boston, Mass.

*Legal Counsel*
GASTON, SNOW, MOTLEY & HOLT
Boston, Mass.

**PROSPECTUS**
**OCTOBER 10, 1967**

# PURITAN FUND
INC.


A MUTUAL FUND WITH PRIMARY EMPHASIS ON INCOME

ONE OF THE FIDELITY MANAGEMENT GROUP OF MUTUAL